September 18, 2017

Hilary Malawer  
Assistant General Counsel  
Office of the General Counsel  
U.S. Department of Education  
400 Maryland Avenue, SW  
Room 6E231  
Washington, DC 20202

Via electronic submission at regulations.gov

Re: Comments on Evaluation of Existing Regulations, Docket ID ED–2017–OS–0074

Dear Ms. Malawer:

On behalf of the American Association of Colleges of Osteopathic Medicine (AACOM), we thank you for the opportunity to offer comments as the U.S. Department of Education evaluates existing regulations and policy guidance. AACOM represents the 33 accredited colleges of osteopathic medicine in the United States. These colleges are accredited to deliver instruction at 48 teaching locations in 31 states. In the 2016-2017 academic year, osteopathic medical colleges are educating more than 27,000 future physicians—more than 20 percent of all U.S. medical students.

AACOM supports the Department in its goal to protect students and promote principles of accountability across the education continuum to ensure that students are well-informed and receive a cost-effective and high-quality education, leading to a skilled workforce for our nation. We also recognize that appropriate oversight is a fundamental function of the Department to ensure that federal funding is properly allocated. Moreover, AACOM strongly supports the Department’s initiative to reassess existing regulations and policy guidance that increase administrative and financial burdens and interfere with the educational missions of postsecondary institutions who train the nation’s future physician workforce as well as receive public comment on these important issues.

AACOM continues to express serious concerns with certain federal regulations that continue to cause undue financial and administrative reporting burdens for osteopathic medical schools and contribute to increased costs for the students they train. As currently written, provisions of state authorization, Gainful Employment (GE), Borrower Defense to Repayment (BDR) regulations, as well as the “two-year” rule that for-profit medical schools must meet to receive Title IV funding, do not take into account the unique characteristics of medical education. Additionally, if the Department continues to link Title IV institutional eligibility decisions to provisions outlined in our comments, it could severely jeopardize or penalize medical students who rely on various federal financial aid assistance programs to help fund their education as they become licensed physicians, thereby further exacerbating the nation’s physician workforce shortage. We strongly request you take the hardships and burdensome requirements described below into consideration throughout this process.

Unintended Consequences of State Authorization on Medical Education

As the Department reviews existing Title IV regulations, AACOM recommends that the Department convene a negotiated rulemaking committee on state authorization regulations implemented on July 1,
2015, and state authorization of postsecondary distance education, which is due to take effect on July 1, 2018. AACOM also requests that the Department delay implementation of postsecondary distance education requirements while the regulations undergo review.

While AACOM recognizes the broader attempt by the Department to pursue accountability of and reduce misuse of federal student financial aid programs, the state authorization provisions have created an untenable burden for medical schools and have intruded upon state-based regulations. Osteopathic medical schools must navigate an already complex regulatory system. The implementation of state authorization provisions 34 C.F.R. 600.9(a) and (b) significantly increased the financial and administrative burdens for AACOM’s member institutions, specifically as they work to offer robust learning experiences for medical students during core clinical rotations in years three and four.

It is critical to understand the factors unique to medical education and the training of future physicians as the Department evaluates its regulatory policy. Clinical training is a mandatory requirement to become a licensed physician. Osteopathic medical schools, many of which are located in rural areas, often lack in-state training opportunities, and therefore, send their students out-of-state to complete their core clinical rotations. Additionally, some schools participate in multi-state consortium training models and send their students out-of-state to enhance educational experiences and produce physicians capable of practicing in a variety of clinical settings. Therefore, institutions must meet individual states’ criteria for physical presence, and since July 1, 2015, many states have begun charging exorbitant fees and applying onerous administrative mandates.

Although AACOM supports state reciprocity agreements, which have helped alleviate some of these challenges while promoting the integrity of Title IV funding, our institutions still face unnecessary burdens, particularly when sending students to rotation sites located in states that do not participate in a reciprocity agreement. Furthermore, AACOM believes that if the Department allows the distance education requirement to be implemented July 1, 2018 in its current form that our member institutions will again face an extremely heavy lift, thus compounding the harmful impacts of existing state authorization regulations. Therefore, AACOM urges the Department to thoroughly evaluate the unintended consequences of these policies on medical education and revise state authorization provisions 34 C.F.R. 600.9(a), (b), and (c), to explicitly exempt U.S. medical schools and clinical rotations as a condition of Title IV eligibility.

Address Burdensome Gainful Employment Regulations and Borrower Defense to Repayment Provisions

AACOM reinstates its previous position and urges the Department to revise its policies to exempt all U.S. graduate terminal degree medical education programs from any GE related requirements and the loan repayment rate reporting provisions in the BDR regulations. These regulations, which negatively impact for-profit medical schools, completely disregard factors unique to medical education. Therefore, we continue to have serious concerns about the impact to our for-profit member institutions. Furthermore, we are concerned with potential federal overreach should these requirements be revised to apply to all U.S. medical schools.

AACOM member institutions pride themselves on exceptional graduate and residency placement rates, and these institutions maintain an exceedingly low record of default rates. Osteopathic medical students follow a common sequence of course work, clinical training, and national board exams, regardless of whether they attend a public, non-profit, or for-profit medical school. These students must attend four years of medical school, and then are required to complete additional graduate medical education training, which takes between three – seven years. During this post-graduate training, medical residents earn a stipend; however, that income is generally not sufficient to begin full repayment of educational loans, and is certainly not indicative of the future practicing physician’s salary. As a result, medical residents depend on federal financial aid options such as income-based repayment and forbearance to postpone or
reduce their obligations until they become independently licensed physicians earning a full salary (instead of a stipend).

Furthermore, osteopathic medical education has a proud heritage of both working to address the physician workforce shortage, especially in rural and/or underserved areas, and producing primary care physicians. According to the most available data, 33 percent of graduates indicate intent to specialize in the primary care specialties of family practice, general internal medicine, or general pediatrics. Unfortunately, the pressure on graduates to quickly repay medical school debt is especially onerous.

AACOM supports the intent of the BDR as it relates to protecting students from fraudulent practices or misrepresentation by an institution and these students’ ability to address these claims through the legal process. However, similar to existing GE regulations and the debt-to-earnings test, AACOM previously expressed its serious concerns during the BDR proposed rulemaking process regarding the loan repayment rate calculation methodology and reporting requirements as defined in 34 C.F.R. 668.41(h)(3) of the current BDR regulations. As you are aware, this provision only applies to for-profit institutions, which creates significant implications for highly qualified U.S. for-profit medical schools. Although AACOM acknowledges the Department’s action to adjust the repayment rate calculation to follow the GE standard, per the final BDR regulation published on November 1, 2016, further changes to this calculation methodology are necessary.

Moreover, if these GE and BDR regulations were revised to apply to non-profit as well as for-profit U.S. medical schools, then essentially all schools would be deemed ineligible for Title IV student financial aid programs. Consequently, AACOM requests that the Department reject this one-size-fits-all approach, provide flexibility for all U.S. medical schools and their students earning a medical education, and exempt them from these requirements.

Revisit the Two-Year Rule for Title IV Eligibility for For-Profit Medical Schools

AACOM supports the equity and consistency of federal policies that impact all U.S. medical schools, whether these institutions are public, non-profit, or for-profit institutions. AACOM requests that the Department exempt all U.S. graduate terminal degree medical education programs from the two-year rule found in 34 C.F.R. 600.5.

Osteopathic medical education has a long history of establishing educational programs for medical students and residents that target the health care needs of rural and underserved populations and producing primary care physicians. In fact, accreditation requirements for osteopathic medical schools mandate that each school provide medical care to the community where its students learn, which is especially critical to treating patients in areas of highest need.

A majority of students entering medical school have already amassed high debt from their undergraduate education. At the same time, as students graduate with burgeoning debt loads, the nation faces a critical physician workforce shortage, particularly in rural and/or underserved areas. Students with high debt loads are less likely to pursue primary care specialties, further exacerbating this shortage. As such, federal regulations and policies should foster an educational pathway that helps future physicians better afford their education and accrue less debt over the course of their training to become licensed physicians.

Unfortunately, the two-year rule negatively impacts and creates a serious burden for osteopathic medical students attending for-profit institutions to access federal financial aid programs. Please find enclosed a letter from AACOM’s member institution, Burrell College of Osteopathic Medicine, stating the impact of this rule to its institution. AACOM supports these comments and would like to draw your attention to them as illustrative of the problem these policies would pose for U.S. medical schools.
Thank you for providing the opportunity to share our views. As the nation faces a physician workforce shortage, it is critical to educate and sustain a future health care workforce to meet the nation’s health care needs. While we understand the importance of accountability and appropriate oversight of regulations affecting postsecondary institutions and Title IV programs, we strongly urge the Department to reject a one-size-fits-all approach as it evaluates existing regulations and devises new regulatory policy.

AACOM looks forward to working closely with the Department to ensure that medical schools and students are well served by federal regulations and policy. If you have any questions or require further information, please contact Pamela Murphy, Senior Vice President of Government Relations, at (202) 844-4217 or pmurphy@aacom.org, or Julie Crockett, Federal Regulatory Affairs Manager, at (202) 844-4231 or jcrockett@aacom.org.

Respectfully,

Stephen C. Shannon, DO, MPH
President and CEO

Enclosure
August 8, 2017

To whom it may concern:

I am writing today to comment on 34 CFR 600.5(a)(7) and 34 CFR 600.6(a)(6), the so-called “two-year rule”. I have previously corresponded with Gail McLarnon, Acting Deputy Assistant Secretary for Policy, Planning and Innovation at the USDE, Office of Postsecondary Education.

Briefly, this is contained in an amendment to Title IV of the Higher Education Act, which requires proprietary (i.e., for-profit) institutions of higher learning to be in operation (interpreted as offering instruction) for at least 2 years before being eligible to apply for Title IV funding for their students. It should be noted that this does not apply to not-for-profit institutions of higher learning.

As Co-founder, Founding Dean and Chief Academic Officer of one of the newest medical colleges in the US, this is an issue that impacts our students disproportionately and adversely affects our ability to fulfill our mission of improving health care and diversifying the physician workforce in one of the most impoverished and underserved areas of the country.

The Burrell College of Osteopathic Medicine was established in Las Cruces, New Mexico to address the health care needs of the Southwest and increase diversity of the physician workforce, particularly among the Native American and Hispanic populations. Given the limitations of the economy and the pressing health care needs of the area, establishing the school as a proprietary institution was the best and most efficient way to address these issues. It is important to note that we are subject to identical accreditation criteria as every other osteopathic medical school, regardless of business model. Our accreditor, the Commission on Osteopathic College Accreditation, applies the same standards for standardized test performance, graduation rate, job placement and all other quality metrics to us as they do to every other osteopathic medical school. Currently, there are 2 other osteopathic medical colleges that are for-profit and there are 2 US allopathic, that is MD, for-profit colleges. There are several more for-profit medical colleges, both osteopathic and allopathic, under development. The hospital industry has shown that for-profit models do not compromise care or quality and this is also true in medical education. Indeed students at the first contemporary for-profit medical school, the Rocky Vista University College of Osteopathic Medicine, (Parker, CO and Ivins, UT) have higher pass rates and scores on national board licensing exams than their not-for-profit counterparts. This is done at tuition cost below the national average for all schools, for-profit and not-for-profit alike.

Osteopathic medical colleges are traditionally located in more rural and/or underserved areas than their allopathic counterparts and osteopathic physicians, while practicing in every specialty of medicine, disproportionately enter primary care and other understaffed areas, such as psychiatry. Osteopathic physicians also tend to practice in underserved areas with vulnerable patient populations and make up a large number of physicians in the military, US Public Health Service and Indian Health Service. In our case, we are located in the poorest part of one of the poorest states in the US. In meeting our mission, recruitment of qualified students from this region is of critical importance, as these students are more
likely to remain in the area following their training and make a positive impact to the health and economy of the region. As the majority of our population is Hispanic and we have a high percentage of Native Americans than in other parts of the country, recruitment of these individuals is also important in diversifying the physician workforce. It is not a coincidence that Native Americans suffer from among the worst health outcomes of any American population group and are the most underrepresented in the physician workforce.

Unfortunately, our target student group is often troubled by a lack of a credit history and poor or no co-signers, so obtaining private loans for the cost of their education is difficult. The lack of Title IV funding forces these students to either go to other institutions in distant states (from which they may not return to practice) or to forego medical school entirely. This, in particular, impacts our applicants who are under-represented minorities (URM’s), as they have the most difficult credit history as regards the private loan market. Although our college is recognized as having the most diverse student body of any osteopathic medical school, at over 27% URM’s, that number could be far greater if we had access to Title IV funding consistent with our not-for-profit counterparts.

Finally, limiting Title IV funding during a school’s initial operations is especially troublesome, as this is the time when most colleges are financially vulnerable. At this stage of development, colleges do not have full graduating complements of students and are less able to withstand financial shortfalls and unexpected capital demands. Fortunately, our financial backing is the Rice Management Group, the investment arm of Rice University, so we do not have those concerns, but the limitation of Title IV funding severely impacts our mission to sustainably increase and diversify the physician workforce in this region. Given that we meet identical accreditation and other regulatory criteria as not-for-profit institutions, we request that The U.S. Department of Education should exempt all U.S. graduate terminal degree medical education programs from the two-year rule.

Sincerely,

George Mychaskiw II, DO, FAAP, FACOP
Founding Dean and Chief Academic Officer